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DEPARTMENT OF STATE

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Memorandum of Conversation

DATE: June 27, 1952

SUBJECT: The Liberia Mining Company

PARTICIPANTS: The Acting Secretary, Mr. Bruce
Mr. Charles White, President, Republic Steel Corporation
Mr. W. W. Hancock, Vice President, " " "
Mr. Thomas Patton, Counsel
AF - Mr. Cyr, Acting Director

COPIES TO: NEA - Mr. Byroade AbEmbassy Monrovia
Mr. Jernegan
AF - Mr. Feld

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Mr. White stated that Mr. Hancock has just returned from Liberia where he had gone at the request of the Liberian Government with Mr. R. Christie, President of the Liberia Mining Company, to renegotiate the Liberia Mining Company's Bomi Hills concession. Mr. Hancock had brought home with him the Liberian Government's conception of what the renegotiation should bring about, which includes the following points:

a. A 50% share in the net profits for the Liberian Government.

b. All indebtedness of the Company to receive priority consideration before the determination of profit.

c. All sales of ore to be made at prevailing world prices. No price preferential to be allowed to any company participating as a stockholder in Liberia Mining Company, Ltd.

d. Representation by the Liberian Government on Board of Directors. The Liberian Government, with interest in profits, should have voice in management.

e. Government should vote as stockholder.

Mr. White explained that Mr. Christie of the Liberia Mining Company had obtained the concession from the Liberian Government about 1946 and the Republic Steel Corporation had brought [illegible]

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the Liberia Mining Company stock in 1949. The Corporation had embarked on this venture under specified conditions which were in the process of being negatived by the Liberian Government's request for renegotiation. Mr. White stated that he was reconciled to the need for renegotiation and intended to deal fairly and equitably with the Liberians. Mr. Hancock indicated, however, that he had been disturbed by the stern attitude of the Liberian officials in their recent meeting and that he was reluctant to proceed in "a club-over-my-head" atmosphere. It was not expected that the Department of State should do the negotiating for the Liberia Mining Company, Mr. White said, but before proceeding further he would wish to know what the Department's attitude would be in the matter.

Mr. Bruce assured Mr. White of the Department's continuing intention to assist American companies abroad wherever possible. He observed that this case follows the pattern which has become familiar in Iran and other parts of the Middle East. As a legal proposition, he said, Mr. White had every right to expect that the sanctity of contracts would prevail, but nowadays it does not always work out that way. He urged recognition of this situation and recommended that the Liberia Mining Company put forward a reasonable counter-offer based on comparable experience in other foreign countries such as Venezuela and Labrador.

Mr. White concurred in this suggestion and stated that he felt reassured by Mr. Bruce's statements. He indicated that it should be possible to prepare an attractive counter-offer by drawing on experience in other foreign countries. Mr. Patton observed, however, that in his opinion the renegotiation should not affect the present arrangement whereby the Liberia Mining Company sells ore to the Republic Steel Corporation at a special price, because it is based on a private contract between the Company and the Corporation to which the Liberian Government is not a party. In answer to Mr. Bruce's question, Mr. White explained that the Liberian Government has made no threats, but its bargaining power stems from its authority to rescind the Bomi Hills concession.

Mr. White asked what the Department's attitude would be in the event that the Liberian Government were to expropriate American interests in Bomi Hills. Mr. Bruce stated that it was difficult to give a constructive answer to such a hypothetical question, and all present seemed to agree that there was little likelihood of such action on the part of the Liberian Government. It also seemed agreed that the Liberian Government expects counter-offer.

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Mr. Bruce suggested that it might be advisable for Mr. White or his colleagues to contact Mr. Simpson, the Liberian Ambassador, concerning this case. Mr. Cyr stated that the Liberians think very highly of Mr. Christie, who has an excellent grasp of the situation in Liberia. Mr. White assured Mr. Bruce that Mr. Christie is taking an active part in the renegotiation. Mr. Bruce reminded Mr. White that our Ambassador, Mr. Dudley, is in Washington and that he might wish to discuss the case with him. Mr. Bruce agreed, however, that in the final analysis, the Liberia Mining Company would wish to deal directly with the Liberian Government and do its own negotiating, thereby permitting the U.S. Government to retain its role of interested observer.

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